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THIS AMENDMENT:	
_____ Passed _____	Passed as amended by _____
_____ Failed _____	_____ Not Offered _____
_____ Withdrawn _____	

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GLEASON PROPOSED AMENDMENT # 1

TIME/DATE PREPARED: 5:00p.m. / June 16, 2004

COMPANY: Arizona-American Water Company

AGENDA ITEM NO. U-1

DOCKET NO. WS-01303A-02-0867
WS-01303A-02-0868 et al.
WS-01303A-02-0869
WS-01303A-02-0870
W-01303A-02-0908

OPEN MEETING DATE: June 18, 2004

Page 41, after line 28 INSERT:

"Arizona-American's wastewater rates consist of a flat monthly rate. In general, all customers in a class are charged the same amount regardless of how much that customer taxes the system. However, for Arizona-American's water rates, we adopt a tiered rate design that requires customers who use more water to pay more. We find that this encourages water conservation. Some municipal wastewater systems bill their customers based on the amount of water they use. To determine if tiered wastewater rates based on water consumption would be an appropriate rate design, we will require Arizona-American to include a proposal in its next rate case filing for the Sun City West, Sun City and Anthem/Agua Fria wastewater systems that will present information on 1) whether wastewater rates based on water consumption encourage water conservation; 2) whether higher bills for those who use the system more is a fairer way to collect revenue and 3) what tiered wastewater rates based on water consumption would look like compared to a flat rate design."

Arizona Corporation Commission

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JUN 17 2004

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